

RECEIVED  
ADJUDICATION SECTION  
SEP 18 2020

HE&D Offshore, L.P.  
Two Allen Center  
1200 Smith, Suite 2400  
Houston, Texas 77002  
Phone: (713) 586-5746  
Fax: (713) 650-8305  
[sue.alford@houstonenergy.com](mailto:sue.alford@houstonenergy.com)



**Via FedEx Overnight**

September 17, 2020

Bureau of Ocean Energy Management  
Department of the Interior  
1201 Elmwood Park Boulevard  
New Orleans, LA 70123-2394  
Attention: Adjudication Unit

RE: Filing of Non Required Document  
Assignment of Overriding Royalty Interest  
in Oil and Gas Lease OCS-G 36704  
Ewing Bank, Block 921 N/2N/2

Ladies and Gentlemen:

Enclosed please find two originals of the following:

**Title of Document:**

Assignment of Overriding Royalty Interest in Oil & Gas Lease

**Identities of Parties to Document:**

HE&D Offshore, L.P., as Assignor and Zinni 2012 Descendants' Trust, Telluride Energy, LLC, Ishtaca, LLC, DKM Interests, LLC, AWA Investments, LLC, CCC Investments, LLC, On-Line Production, LLC and 4C production Company LLC, as Assignees

**Lease Affected:**

OCS-G 36704

**Category to be Filed:**

5 = Overriding Royalty, Production Payment, Net Profit

**Service Fees:**

Pay.Gov receipt enclosed in amount of \$29.00

Once this document has been filed as requested, I would appreciate your stamping and returning a copy to my attention in via electronic mail. If you should have any questions my direct number is 713.586.5746 or email [sue.alford@houstonenergy.com](mailto:sue.alford@houstonenergy.com).

Sincerely,

HE&D Offshore, L.P.

  
Sue A. Alford  
Enclosures

ASSIGNMENT OF  
OVERRIDING ROYALTY INTEREST  
IN OIL AND GAS LEASE

Spruance Prospect  
EW 921 OCS-G 36704

THE UNITED STATES OF AMERICA §  
OUTER CONTINENTAL SHELF § KNOW ALL MEN BY THESE PRESENTS:  
OFFSHORE LOUISIANA §

THAT, HE&D Offshore, L.P., whose address is Two Allen Center, 1200 Smith, Suite 2400, Houston, Texas 77002, (hereinafter referred to as "Assignor") is the owner of a two and one-half percent of eight-eighths (2.5% of 8/8ths) overriding royalty interest in and to the oil and gas lease (hereinafter referred to as the "Lease") more fully described on the attached Exhibit "A" that is proportionately reduced by the undivided fifty percent (50%) leasehold interest ownership of the original assignors.

WHEREAS, Assignor now desires to assign unto the parties set forth below, (hereinafter referred to as "Assignees") in the portions indicated, all of its overriding royalty interest of 2.5% equal to a net (1.25%) overriding royalty interest in the Lease all as hereinafter provided.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged and subject to the terms contained herein, Assignor does hereby TRANSFER, CONVEY, SELL and ASSIGN unto the following Assignees in the amount set opposite their names, an overriding royalty interest in the Lease equal to a net 1.25% of 8/8ths (such interest assigned hereby is sometimes referred to as the "Overriding Royalty")

<u>Assignees</u>	<u>Interest Assigned</u>	<u>Net Interest</u>
Zinni 2012 Descendants' Trust 5217 Braeburn Dr. Bellaire, TX 77401	0.27750%	0.13870%
Telluride Energy, LLC 628 Shartle Circle Houston, TX 77024	0.27830%	0.13920%
Ishtaca, LLC 1036 Jefferson Avenue New Orleans, LA 70115	0.27750%	0.13870%
DKM Interests, LLC Two Allen Center 1200 Smith, Suite 2400 Houston, TX 77002	0.62500%	0.31250%
AWA Investments, LLC Two Allen Center 1200 Smith, Suite 2400 Houston, TX 77002	0.62500%	0.312500%
CCC Investments, LLC 3602 Sunset Boulevard Houston, TX 77005	0.16670%	0.08330%
On-Line Production, LLC 38 Maymont Way Spring, TX 77382	0.08330%	0.04180%
4C Production Company LLC 10014 Touhy Lake Dr. Katy, TX 77494	0.16670%	0.08330%
	<u>2.50000%</u>	<u>1.25000%</u>

Such Overriding Royalty interest shall be due only with respect to oil, gas and other minerals produced, saved and marketed from or attributable to the Lease, it being understood that any oil, gas or other minerals utilized in drilling, reworking, producing or other operations shall

be specifically deducted in calculating such overriding royalty. Such Overriding Royalty shall be free and clear of any cost of drilling or production, but shall bear proportionately all applicable taxes including, but not limited to, severance or other similar taxes applicable to production. Such Overriding Royalty shall never be calculated, paid or determined on a basis in excess of the actual proceeds of production after deduction of the foregoing and shall be computed and paid at the same time and in the same manner as royalties are computed and paid to the lessor under the terms of the applicable Lease; provided, however, notwithstanding the foregoing, the Overriding Royalty shall never be subject to, affected by, or diminished by any past, present or future rules or regulations promulgated by the BOEM, or any other agency or authority having jurisdiction over lands covered by the Lease, that provide for, or may provide for, relief, reduction or suspension of the lessor's royalty under the Lease.

The Lease, or parts thereof, may be pooled, unitized or communitized together with other leases, without the necessity for the consent or joinder of the holder of such Overriding Royalty. Such Overriding Royalty shall be subject to proportionate reduction (i) on account of the failure of leasehold or mineral title; (ii) on account of unitization, pooling or communitization with other leases in the area; (iii) in the event the Leases relate to less than the entirety of the minerals; or (iv) to the extent the leasehold interest of the grantor's of HE&D Offshore, L.P.'s original overriding royalty interest in the Lease relates to or is derived from less than the entirety of the leasehold interest, then the Overriding Royalty herein conveyed shall be proportionately reduced. If the interest conveyed herein is subject to proportionate reduction, then such interest shall be payable to Assignees in the proportion that the interest of the grantors of HE&D Offshore, L.P.'s original overriding royalty interest in the Lease bears to the entire interest in the Lease and in the proportion that the Lease bears to the entire interest in the communitized area or pooled unit, if formed.

The Lease owners shall have the right to surrender, or permit to expire, the Lease without the necessity or joinder of the Overriding Royalty interest holder thereof and such owners shall not be in any manner obligated to maintain, preserve or continue in effect the Lease in any manner whatsoever, or to drill or rework any well or wells thereon or conduct any operation whatsoever thereunder.

This Assignment is made and Assignees acknowledge that this Assignment is made subject to all of the terms and conditions contained in the Lease.

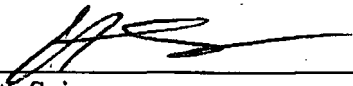
Subject to the matters set forth herein, Assignor, to the extent of the interest conveyed hereunder, hereby agrees to warrant and forever defend title to the Overriding Royalty against the claims and demands of every person whomsoever claiming or to claim the same or any part thereof, by, through or under Assignor, but not otherwise.

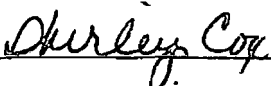
This Assignment may be executed in any number of counterparts, each of which shall be valid and binding with respect to the signatories thereto and their interest in the property conveyed hereby, but only upon full execution by all signatories of this Assignment or a counterpart hereof.

This Assignment shall inure to the benefit of and be binding upon the successors, representatives, and assigns of the parties hereto.

IN WITNESS WHEREOF, this Assignment is executed as indicated below and made effective as of **June 2, 2019**.

**WITNESSES:**

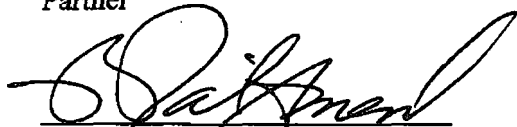
  
\_\_\_\_\_  
Heath Suire

  
\_\_\_\_\_  
Name: Shirley Cox

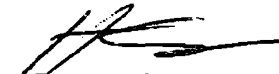
**ASSIGNOR:**

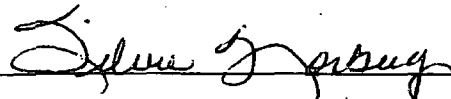
**HE&D Offshore, L.P.**

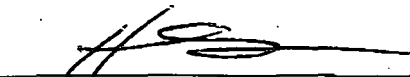
By: MKD Investments, LLC, its General Partner


  
\_\_\_\_\_  
P. David Amend  
Vice President, Land

**WITNESSES:**

  
\_\_\_\_\_  
Heath Suire


  
\_\_\_\_\_  
Name: SILVIA NORBERG

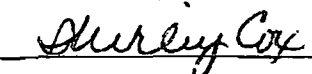
  
\_\_\_\_\_  
Heath Suire

  
\_\_\_\_\_  
Name: SILVIA NORBERG

\_\_\_\_\_  
Heath Suire

Name: \_\_\_\_\_

  
\_\_\_\_\_  
Heath Suire

  
\_\_\_\_\_  
Name: Shirley Cox

**ASSIGNEES:**

**Zinni 2012 Descendants' Trust**

  
\_\_\_\_\_  
Daniel R. Zinni, Trustee

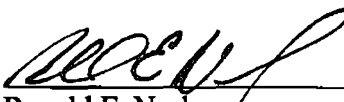
**Telluride Energy, LLC**

  
\_\_\_\_\_  
James R. Hart, its Managing Member

**Ishtaca, LLC**

\_\_\_\_\_  
Paul K. Wieg Sole Member

**DKM Interests, LLC**

  
\_\_\_\_\_  
Ronald E. Neal  
its Managing Member

WITNESSES:

\_\_\_\_\_  
Heath Suire

\_\_\_\_\_  
Name: \_\_\_\_\_

\_\_\_\_\_  
Heath Suire

\_\_\_\_\_  
Name: \_\_\_\_\_

  
\_\_\_\_\_  
Heath Suire

  
Name: William T. Skillman

  
\_\_\_\_\_  
Heath Suire

  
Name: Shirley Cox

ASSIGNEES:


Zinni 2012 Descendants' Trust

\_\_\_\_\_  
Daniel R. Zinni, Trustee

Telluride Energy, LLC

\_\_\_\_\_  
James R. Hart, its Managing Member

Ishteca, LLC

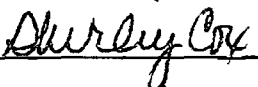
  
\_\_\_\_\_  
Paul K. Wieg Sole Member


DKM Interests, LLC

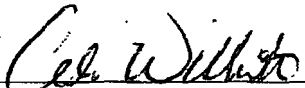
  
\_\_\_\_\_  
Ronald E. Neal  
its Managing Member

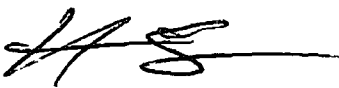
**WITNESSES:**

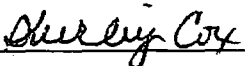
  
\_\_\_\_\_  
Heath Suire

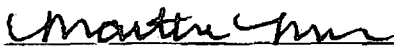
  
\_\_\_\_\_  
Name: Shirley Cox

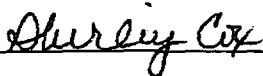
  
\_\_\_\_\_  
Heath Suire

  
\_\_\_\_\_  
Name: Allen Wilhite

  
\_\_\_\_\_  
Heath Suire


  
\_\_\_\_\_  
Name: Shirley Cox

  
\_\_\_\_\_  
Name: Martha Moore

  
\_\_\_\_\_  
Name: Shirley Cox

**ASSIGNEES:**

**AWA Investments, LLC**

  
\_\_\_\_\_  
Frank W. Harrison, III, its Managing Member

**CCC Investments, LLC**

  
\_\_\_\_\_  
P. David Amend, its Managing Member

**On-Line Production, LLC**

  
\_\_\_\_\_  
Allen Wilhite, its Managing Member

**4C Production Company, LLC**

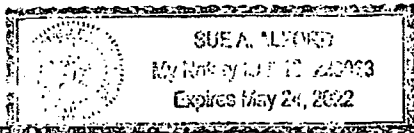
  
\_\_\_\_\_  
Heath Suire, its Managing Member

**ACKNOWLEDGMENTS**

STATE OF TEXAS       §  
                                  §  
COUNTY OF HARRIS   §

**BEFORE ME**, the undersigned authority, on this day personally appeared **P. David Amend**, Vice President, Land of MKD Investments, LLC, its General Partner, of HE&D Offshore, L.P., a Texas limited partnership, and as Managing Member of CCC Investments, LLC, and known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN under my hand and seal of office this 15<sup>th</sup> day of September, 2020.

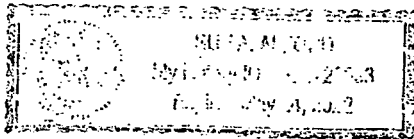


*Sue A. Alford*  
Notary Public - State of Texas

STATE OF TEXAS       §  
                                  §  
COUNTY OF HARRIS   §

**BEFORE ME**, the undersigned authority, on this day personally appeared **Daniel R. Zinni**, Trustee of the **Zinni 2012 Descendants' Trust**, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN under my hand and seal of office this 17<sup>th</sup> day of September, 2020.

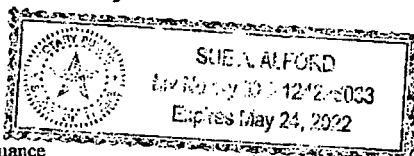


*Sue A. Alford*  
Notary Public - State of Texas

STATE OF TEXAS       §  
                                  §  
COUNTY OF HARRIS   §

**BEFORE ME**, the undersigned authority, on this day personally appeared **James R. Hart**, Managing Member of **Telluride Energy, LLC** known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN under my hand and seal of office this 16<sup>th</sup> day of September, 2020.



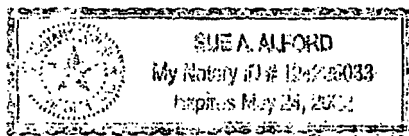
*Sue A. Alford*  
Notary Public - State of Texas

**ACKNOWLEDGMENTS**

STATE OF TEXAS       §  
                                  §  
COUNTY OF HARRIS   §

**BEFORE ME**, the undersigned authority, on this day personally appeared **Paul K. Wieg**, Sole Member of **Ishtaca, LLC** known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN under my hand and seal of office this 17<sup>th</sup> day of September, 2020.

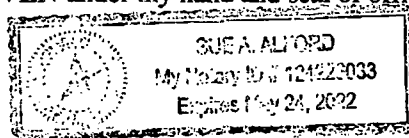


*Sue A. Alford*  
Notary Public - State of Texas

STATE OF TEXAS       §  
                                  §  
COUNTY OF HARRIS   §

**BEFORE ME**, the undersigned authority, on this day personally appeared **Ronald E. Neal**, Managing Member of **DKM Interests, LLC** known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN under my hand and seal of office this 15<sup>th</sup> day of September, 2020.

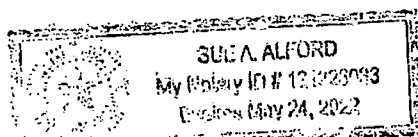


*Sue A. Alford*  
Notary Public - State of Texas

STATE OF TEXAS       §  
                                  §  
COUNTY OF HARRIS   §

**BEFORE ME**, the undersigned authority, on this day personally appeared **Frank W. Harrison, III**, Managing Member of **AWA Investments, LLC** known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN under my hand and seal of office this 16<sup>th</sup> day of September, 2020.

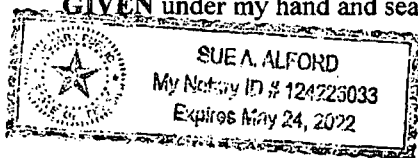


*Sue A. Alford*  
Notary Public - State of Texas

STATE OF TEXAS       §  
                                  §  
COUNTY OF HARRIS   §

BEFORE ME, the undersigned authority, on this day personally appeared **Allen Wilhite**, Managing Member of **On-Line Production, LLC** known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN under my hand and seal of office this 15<sup>th</sup> day of September, 2020.

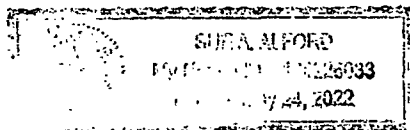


*Sue A. Alford*  
Notary Public - State of Texas

STATE OF TEXAS       §  
                                  §  
COUNTY OF HARRIS   §

BEFORE ME, the undersigned authority, on this day personally appeared **Heath Suire**, Managing Member of **4C Production Company, LLC** known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN under my hand and seal of office this 15<sup>th</sup> day of September, 2020.



*Sue A. Alford*  
Notary Public - State of Texas

## **EXHIBIT "A"**

Attached to and made a part of Assignment of Overriding Royalty Interest in Oil and Gas Lease dated effective June 2, 2019, by and between HE&D Offshore, L.P. as Assignor and Zinni 2012 Descendants' Trust, Telluride Energy, LLC, Ishtaca, LLC, DKM Interests, LLC, AWA Investments, LLC, CCC Investments, LLC, On-Line Production, LLC, and 4C Production Company LLC, as Assignees

### **Ewing Bank**

#### **Spruance Prospect**

Oil and Gas Lease of Submerged Lands under the Outer Continental Shelf Lands Act bearing Serial Number OCS-G 36704, dated effective May 1, 1990, by and between the United States of America, as Lessor, and Shell Offshore Inc., as Lessee, covering the N/2N/2 of Block 921, Ewing Bank, OCS Official Protraction Diagram, NH 15-12 containing approximately 1,440 acres more or less.

UNITED STATES DEPARTMENT OF THE INTERIOR  
BUREAU OF SAFETY AND ENVIRONMENTAL ENFORCEMENT  
GULF OF MEXICO REGION

## Non-Required Document Filing Fee Receipt

September 21, 2020

## HE&amp;D Offshore, L.P.

1200 Smith  
Suite 2400  
Houston, TX 77002

Receipt Total: \$29.00

Document Type: Overriding Royalty, Production Payment, Net Profit

Subject: Assignment of Overriding Royalty Interest in Oil &amp; Gas Lease

OCS Filing Number	Leases Affected	Document Filing Fee	Lease Number
G36704	1	\$29.00	G36704

HE&D Offshore, L.P. / Zinni 2012 Descendants' Trust, Telluride Energy, LLC, Ishtack, LLC  
et al

UNITED STATES DEPARTMENT OF THE INTERIOR  
BUREAU OF SAFETY AND ENVIRONMENTAL ENFORCEMENT  
GULF OF MEXICO REGION

*Non-Required Document Filing Fee Receipt Summary*

Receipt Number: 25131

Receipt Entered By: COLETTE

Receipt Date: 21-SEP-2020

Payee: 01699 HE&D Offshore, L.P.  
1200 Smith  
Suite 2400  
Houston, TX 77002

Total Number of Leases: 1

Total Receipt Amount: \$29

Remarks: HE&D Offshore, L.P. / Zinni 2012 Descendants' Trust,  
Telluride Energy, LLC, Ishtack, LLC et al